

## ABSTRACT OF THE INVENTION

A system and method for package return insurance whereby the premiums paid go to cover the costs associated with package returns in the event that a consumer elects to exercise such a return. The premiums are automatically calculated and take different forms including but not limited to a fee or combinations of fees paid by consumers at the point of purchase, paid by merchants at the point of purchase, paid by carriers in advance of covered package deliveries directed to intermediate locations (e.g. pack 'n' ship retail centers). As they are charged, the fees are debited or charged against the account of the respective party or parties and credited to a common fund referred to as the "Premium Pool." Funds from the Premium Pool are then paid out in response to claims submitted by carriers and merchants and/or their agents for reimbursement of costs they incurred in handling, processing and transporting actual package returns.